The Vermont Community Foundation
Mid-Term Pool Investment Performance/Strategy
As of March 31, 2019

Mid-Term Pool Performance vs. Benchmark- Through 3/31/19, Net of Investment Management Fees

	Latest Quarter	Latest Year	Latest 3 Years	Latest 5 Years	Since 1/31/13 (Pool Inception)
Mid-Term Pool	**+5.9%**	**+3.2%**	**+6.0%**	**+4.7%**	**+5.6%**
*Mid-Term Pool Benchmark**	*+7.2%*	*+2.9%*	*+6.7%*	*+4.8%*	*+5.6%*
50% MSCI ACW/50% Barclays Agg	*+7.5%*	*+3.8%*	*+6.4%*	*+4.7%*	*+5.4%*

* Mid-Term Pool Benchmark is a blended index using market benchmarks weighted based on the Foundation's asset allocation strategy

Investment Philosophy/Asset Allocation Strategy

The Vermont Community Foundation invests its assets to foster strong support of the community's current needs while also providing resources for future generations. The Foundation intends to achieve this objective via a well-diversified asset allocation strategy executed largely through index funds. Note that the allocations differed from the targets at year-end due to a large cash flow involving the Pool.

Asset Class	*Target/Actual Allocation*		*Managers*
U.S. Large/Mid-Capitalization Equities	19.0%	(14.6%)	Vanguard
U.S. Small Capitalization Equities	4.8%	(4.2%)	Vanguard
International Equities	17.0%	(14.3%)	Vanguard
Emerging Markets	6.7%	(7.0%)	Vanguard
Fixed Income	33.2%	(22.5%)	Vanguard
High Yield Fixed Income	4.8%	(4.5%)	Harbor
TIPS	9.5%	(8.3%)	Vanguard
Vermont Investments	5.0%	(5.5%)	
Cash	0.0%	(19.1%)	

The Mid-Term portfolio was constructed with the following concepts in mind:

- Consistently utilize meaningful asset class diversification to achieve return objectives during a variety of economic and market conditions.

- Avoid attempts to predict short-term market behavior via market timing strategies.

- Utilize index funds as an inexpensive and effective way to execute the strategy until such time as the Pool has sufficient capital to access top institutional managers as is done in other Foundation pools.

Current Market/Performance Commentary

The first quarter of 2019 delivered a strong market recovery and also marked the ten-year anniversary of the financial crisis bottom in 2009. One of the fascinating aspects of what is now a more than decade old

U.S. bull market is the degree to which there are a wide array of countries, sectors and individual companies that remain grossly undervalued. This leaves us with a surprising level of optimism regarding prospective equity returns. In addition to the power of attractive valuations, we have the added bonus of stock specific pricing that seems best explained by price momentum rather than serious investment analysis.

Produced By Colonial Consulting, LLC
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